

Instructions for Idaho Form 67

GENERAL INSTRUCTIONS

Form 67 is used to calculate the credit for Idaho research activities (Idaho research credit) earned or allowed. Each member of a unitary group that earns or is allowed the credit must complete a separate Form 67.

Qualified Research

The Idaho research credit conforms to the Internal Revenue Code (IRC) as to the definitions of basic research payments, basic research, qualified research expenses, and qualified research, except that only the amounts related to research conducted in Idaho qualify for the Idaho research credit.

Gross receipt calculations include only those gross receipts that are attributable to Idaho using the multistate corporation apportionment rules. These are referred to in the instructions as Idaho gross receipts.

The Idaho credit does not include the calculation of the alternative incremental credit, which is allowed in computing the federal credit.

Unitary Sharing

A corporation included as a member of a unitary group of corporations may elect to share the Idaho research credit it earns but does not use with other members of the unitary group. The corporation must claim the Idaho research credit to the extent allowable against its tax liability before it can share the credit.

Carryover Periods

The credit carryover is limited to 14 tax years.

Special Rules

If you have a short tax year or you are a fiscal year taxpayer who makes the election for the five-year period to begin on January 1, 2001, see Internal Revenue Code Sections 41(f)(4) and 41(h).

SPECIFIC INSTRUCTIONS

Instructions are for lines not fully explained on the form.

ELECTIONS

Election of Five-Year Period -- Fiscal Year Filers Only

If you are not a calendar year filer, you may elect to compute the Idaho research credit for one of the following five-year periods:

- The five-year period beginning with January 1, 2001; or
- The five-year period beginning with the first day of the taxpayer's tax year beginning in 2001.

Check the box for the five-year period that you elect. If you elect the five-year period beginning with January 1, 2001, you will have two credit computation periods for the credit earned on the return for your tax year beginning in 2001. The first computation period will begin on January 1, 2001 and end on the last day of your fiscal year ending in 2001. For this computation period, complete lines 1 through 16a of page one. This page must be attached to your Form 67 for the second computation period.

The second computation period will be for your entire fiscal year

beginning in 2001. Complete and attach both pages of the Form 67 for this computation period. You will list the credit for the first computation period on line 16b of this Form 67.

The credit for your tax year beginning in 2005 will be computed including research activities for the period beginning with the first day of the 2005 tax year to December 31, 2005.

Once you make your election, it cannot be changed unless the statute of limitations is open for assessment for all tax years to which the credit was claimed and all such returns are amended consistently with the change in election.

Election to be Treated as a Start-Up Company

You may elect to be treated as a start-up company for the Idaho research credit even though you do not qualify as a start-up company for purposes of the federal research credit. If you make the election, you must use the federal rules under IRC Section 41 for start-up companies to determine the fixed-base percentage. However, the calculation will be different from the federal calculation in the following ways:

- Qualified research expenses will include only qualified research expenses for research conducted in Idaho; and
- Aggregate gross receipts will include only Idaho gross receipts.

Once you make this election, you cannot change it. To make the election to be treated as a start-up company, mark the YES box.

If you do not wish to make this election, mark the NO box.

CREDIT AVAILABLE SUBJECT TO LIMITATION

Like the federal research credit, corporations that are not S corporations, personal holding companies, or service organizations can only claim the portion of the credit that is computed on the excess of qualified research payments over the base amount. All taxpayers other than these qualifying corporations should begin on line 4.

Line 1. If you are a qualifying corporation as discussed above, enter the amount of your payments to a qualified university or scientific research organization that are paid under a written contract for basic research conducted in Idaho.

Line 2. Enter the qualified organization base period amount as defined in IRC Section 41(e) that relates to research conducted in Idaho.

Line 4. Enter the amount of wages paid to an employee for qualified services performed by the employee in Idaho. Qualified services mean services consisting of engaging in qualified research or engaging in the direct supervision or direct support of research activities that constitute qualified research.

Line 5. Enter the amount of supplies used in Idaho in the conduct of qualified research. Supplies mean any tangible property other than land or improvements to land, and property of a character subject to the allowance for depreciation.

Line 6. Enter the amount you paid or incurred for the rental or

lease of computers used in qualified research conducted in Idaho. The computer must be located off your premises and you must not be the operator or primary user of the computer. Reduce this amount by the amount that you or any member of a controlled group of corporations or businesses under common control received or accrued for the right to use substantially identical property.

Line 7. Enter 65% of the amount you paid or incurred for qualified research conducted in Idaho that was performed on your behalf. Prepaid contract research expenses are considered paid in the year the research is actually done. Also, include 65% of that portion of the line 1 basic research payments that does not exceed the line 2 base amount.

If the payments were made to a qualified research consortium that conducted research in Idaho, use 75% instead of 65%. A qualified research consortium is a tax-exempt organization described in IRC Section 501(c)(3) or 501(c)(6) that is organized and operated primarily to conduct scientific research and is not a private foundation.

Line 9. If you elected to be treated as a start-up company for the Idaho research credit, the fixed-base percentage is computed as if you were a start-up company for federal research credit purposes. Your fixed-base percentage is computed as follows:

- For the first five tax years beginning after 1993 that you have qualified research expenses for research conducted in Idaho, the percentage is 3%.
- For the 6th tax year beginning after 1993 for which you have qualified research expenses for research conducted in Idaho, divide the aggregate qualified research expenses for research conducted in Idaho for the 4th and 5th such tax years by the aggregate Idaho gross receipts for those tax years, and multiply the result by 0.1667.
- For the 7th tax year beginning after 1993 for which you have qualified research expenses for research conducted in Idaho, divide the aggregate qualified research expenses for research conducted in Idaho for the 5th and 6th such tax years by the aggregate Idaho gross receipts for those tax years, and multiply the result by 0.3333.
- For the 8th tax year beginning after 1993 for which you have qualified research expenses for research conducted in Idaho, divide the aggregate qualified research expenses for research conducted in Idaho for the 5th, 6th and 7th such tax years by the aggregate Idaho gross receipts for those tax years, and multiply the result by 0.5.

If you did not elect to be treated as a start-up company, the fixed-base percentage is computed by dividing the aggregate qualified research expenses for research conducted in Idaho for the tax years beginning after 1983 and before 1989 by the aggregate Idaho gross receipts.

The fixed-base percentage for all companies including start-up companies must be rounded to the nearest 1/100 of 1% (four decimal places) and cannot exceed 16%.

Line 10. Enter the average annual gross receipts attributable to Idaho using the multistate corporation apportionment rules for the four tax years preceding the tax year for which the credit is being determined. Do not include returns and allowances. You may be required to annualize gross receipts for any short tax year. See IRC Section 41(c)(1)(B) and Section 41(f)(4).

Line 17. Enter the amount of Idaho research credit that is being passed to you from partnerships, S corporations, estates, or trusts in which you have an interest. Attach a copy of the schedule provided to you.

Line 18. If you are a member of a unitary group of corporations, enter the amount of credit you received from another member of the unitary group.

Line 19. If you are a partnership, S corporation, estate, or trust, enter the amount of credit that passed through to partners, shareholders, or beneficiaries.

Line 20. If you are a member of a unitary group of corporations, enter the amount of credit you earned that you elect to share with other members of your unitary group. Before you can share your credit, you must use the credit up to the allowable limitation of your tax liability.

Corporations claiming the Idaho research credit must provide a calculation of the credit earned and used by each member of the combined group. The schedule must clearly identify shared credit and the computation of any credit carryovers.

CREDIT LIMITATIONS

The Idaho research credit is limited to the tax liability after allowing all other tax credits that can be claimed before the Idaho research credit. If the credit for qualifying new employees is claimed, the Idaho research credit and all credits except the credit for taxes paid to other states are limited to 50% of your tax liability after deducting the credit for tax paid to other states.

The following credits must be applied to the tax before the Idaho research credit:

1. Credit for tax paid to other states;
2. Credit for contributions to Idaho educational entities;
3. Investment tax credit;
4. Credit for contributions to youth and rehabilitation facilities;
5. Credit for production equipment using post-consumer waste;
6. Natural resources conservation credit;
7. Promoter-sponsored event credit; and
8. Credit for qualifying new employees.

If the credit for qualifying new employees is claimed, complete lines 23 through 29 and skip lines 30 through 33. If the credit for qualifying new employees is not claimed, skip lines 23 through 29 and complete lines 30 through 33.

Line 22. Enter the amount of your income tax liability. Income tax liability is the computed tax before adding the permanent building fund tax, any other taxes or subtracting any credits.

Line 23. Individuals enter the credit for tax paid to other states as computed on Form 39R or Form 39NR.

Line 26a. Enter the credit for contributions to educational entities from the appropriate Idaho income tax return.

Line 26b. Enter the investment tax credit allowed as computed on Form 49, Part II, line 9b or line 10.

Line 26c. Enter the credit for contributions to youth and rehabilitation facilities from the appropriate Idaho income tax return.

Line 26d. Enter the credit for production equipment using post-consumer waste from the appropriate Idaho income tax return.

Line 26e. Enter the natural resources conservation credit from the appropriate Idaho income tax return.

Line 26f. Enter the promoter-sponsored event credit from the appropriate Idaho income tax return.

Line 26g. Enter the allowable credit for qualifying new employees as computed on Form 55, Part II, line 29.

Line 27. The total of nonrefundable credits claimed cannot exceed the amount on line 25.

Line 30a. Individuals enter the credit for tax paid to other states as computed on Form 39R or Form 39NR.

Line 30b. Enter the credit for contributions to educational entities from the appropriate Idaho income tax return.

Line 30c. Enter the investment tax credit allowed as computed on Form 49, Part II, line 9b or line 10.

Line 30d. Enter the credit for contributions to youth and rehabilitation facilities from the appropriate Idaho income tax return.

Line 30e. Enter the credit for production equipment using post-consumer waste from the appropriate Idaho income tax return.

Line 30f. Enter the natural resources conservation credit from the appropriate Idaho income tax return.

Line 30g. Enter the promoter-sponsored event credit from the appropriate Idaho income tax return.

Line 31. The total of nonrefundable credits claimed cannot exceed the amount on line 30.

CREDIT CARRYOVER

Line 36. The amount of credit available that exceeds the total credit allowed on the current year tax return may be carried forward up to 14 tax years.